

**ESTIMATED REVENUE EFFECTS OF A ONE-YEAR EXTENSION
OF FEDERAL TAX PROVISIONS SCHEDULED TO EXPIRE IN 2001
AND PERMANENT EXTENSION OF FEDERAL TAX PROVISIONS
SCHEDULED TO EXPIRE IN 2001-2010**

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION



August 3, 2001
JCX-66-01

INTRODUCTION

This document,¹ prepared by the staff of the Joint Committee on Taxation, provides the estimated effects on Federal fiscal year budget receipts of (1) a one-year extension of Federal tax provisions scheduled to expire in 2001 and (2) permanent extension of Federal tax provisions scheduled to expire in 2001-2010.

On June 25, 2001, the staff of the Joint Committee on Taxation released a document that listed the Federal tax provisions expiring in each year from 2001 through 2010.²

¹ This document may be cited as follows: Joint Committee on Taxation, *Estimated Revenue Effects of a One-Year Extension of Federal Tax Provisions Scheduled to Expire in 2001 and Permanent Extension of Federal Tax Provisions Scheduled to Expire in 2001-2010* (JCX-66-01) August 3, 2001.

² See, Joint Committee on Taxation, *List of Expiring Federal Tax Provisions, 2001-2010* (JCX-56-01) June 25, 2001.

ESTIMATED REVENUE EFFECTS OF A ONE-YEAR EXTENSION OF TAX PROVISIONS EXPIRING IN 2001

Fiscal Years 2001 - 2011

[Millions of Dollars]

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
Extend For One Year:														
1. Tax on failure to comply with mental health parity requirements applicable to group health plans (sec. 9812)	10/1/01	----- <i>Negligible Revenue Effect</i> -----												
2. Treatment of nonrefundable personal credits under the individual alternative minimum tax (sec. 26) [1]	tyba 12/31/01	---	-123	-490	---	---	---	---	---	---	---	---	-613	-613
3. Tax credit for electricity production from wind, closed-loop biomass, and poultry litter -- facilities placed in service date (sec. 45)	1/1/02	---	-9	-17	-19	-20	-20	-21	-21	-22	-22	-23	-85	-193
4. Work opportunity tax credit (sec. 51).....	wpoifibwa 12/31/01	---	-92	-153	-92	-36	-14	-3	---	---	---	---	-387	-390
5. Welfare-to-work tax credit (sec. 51A).....	wpoifibwa 12/31/01	---	-27	-52	-38	-16	-7	-2	[2]	---	---	---	-140	-141
6. Suspension of 100 percent-of-net-income limitation on percentage depletion for oil and gas from marginal wells (sec. 613A)	tyba 12/31/01	---	-27	-14	---	---	---	---	---	---	---	---	-41	-41
7. Exceptions under subpart F for active financing income (secs. 953 and 954)	tyba 12/31/01	---	-260	-781	---	---	---	---	---	---	---	---	-1,041	-1,041
8. Qualified zone academy bonds (sec. 1397E)	tyba 12/31/01	---	[2]	-2	-5	-9	-11	-11	-11	-11	-11	-11	-27	-79
9. Temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sec. 7652 (f)) [3] [4]	1/1/02	-9	-47	-14	---	---	---	---	---	---	---	---	-70	-70
10. Suspension of requirement that terminals selling diesel fuel and kerosene must sell both dyed and undyed fuel (sec. 1032(f) of the Taxpayer Relief Act of 1997, as last amended by sec. 524 of the Ticket to Work and Work Incentives Improvement Act of 1999, delaying the effective date of sec. 4101(e))	1/1/02	----- <i>No Revenue Effect</i> -----												
11. Deductions for clean-fuel vehicles and refueling property	ppisa 12/31/01 [5]	---	-9	-10	-7	-5	7	11	7	4	2	[4]	-24	---
12. Tax credit for electric vehicles	ppisa 12/31/01 [6]	---	-1	-1	---	---	---	---	---	---	---	---	-2	-2
NET TOTAL		-9	-595	-1,534	-161	-86	-45	-26	-25	-29	-31	-34	-2,430	-2,570

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

ppisa = property placed in service after

tyba = taxable years beginning after

wpoifibwa = wages paid or incurred for individuals

beginning work after

[1] The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010.

[2] Loss of less than \$500,000.

[3] Estimate provided by the Congressional Budget Office.

ESTIMATED REVENUE EFFECTS OF A PERMANENT EXTENSION OF TAX PROVISIONS EXPIRING IN 2001 THROUGH 2010

Fiscal Years 2001 - 2011

[Millions of Dollars]

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
Extend Permanently:														
1. Tax on failure to comply with mental health parity requirements applicable to group health plans (sec. 9812)	10/1/01	----- <i>Negligible Revenue Effect</i> -----												
2. Treatment of nonrefundable personal credits under the individual alternative minimum tax (sec. 26) [1]	tyba 12/31/01	---	-123	-664	-950	-1,736	-3,777	-4,685	-5,423	-6,209	-6,839	-8,306	-7,250	-38,712
3. Tax credit for electricity production from wind, closed-loop biomass, and poultry litter -- facilities placed in service date (sec. 45)	1/1/02	---	-9	-26	-46	-61	-73	-86	-100	-114	-129	-144	-216	-788
4. Work opportunity tax credit (sec. 51).....	wpoifibwa 12/31/01	---	-92	-246	-342	-384	-403	-412	-418	-425	-431	-437	-1,467	-3,591
5. Welfare-to-work tax credit (sec. 51A).....	wpoifibwa 12/31/01	---	-27	-79	-116	-133	-139	-140	-140	-140	-140	-140	-493	-1,194
6. Suspension of 100 percent-of-net-income limitation on percentage depletion for oil and gas from marginal wells (sec. 613A)	tyba 12/31/01	---	-27	-41	-41	-43	-44	-46	-48	-50	-53	-55	-196	-448
7. Exceptions under subpart F for active financing income (secs. 953 and 954)	tyba 12/31/01	---	-260	-1,250	-1,437	-1,653	-1,901	-2,186	-2,514	-2,891	-3,302	-3,771	-6,501	-21,165
8. Qualified zone academy bonds (sec. 1397E)	tyba 12/31/01	---	[2]	-2	-9	-20	-32	-45	-57	-70	-82	-95	-63	-410
9. Temporary increase in limit on cover over of rum excise tax revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sec. 7652 (f)) [3] [4]	1/1/02	-9	-56	-70	-70	-70	-70	-70	-70	-70	-70	-70	-345	-695
10. Suspension of requirement that terminals selling diesel fuel and kerosene must sell both dyed and undyed fuel (sec. 1032(f) of the Taxpayer Relief Act of 1997, as last amended by sec. 524 of the Ticket to Work and Work Incentives Improvement Act of 1999, delaying the effective date of sec. 4101(e))	1/1/02	----- <i>No Revenue Effect</i> -----												
11. Combined employment tax reporting demonstration project (sec. 976 of the Taxpayer Relief Act of 1997).....	8/6/02	----- <i>No Revenue Effect</i> -----												
12. Establishment of Archer medical savings accounts ("MSAs") (sec. 220)	1/1/03	---	---	-1	-4	-6	-9	-11	-14	-16	-19	-22	-20	-101
13. Disclosure of tax return information for administration of certain veterans programs (sec. 6103(l)(7)(D)(viii)) [3]	10/1/03	---	---	---	9	15	21	25	28	31	33	34	45	196
14. Disclosure of tax return information to carry out administration of income contingent repayment of student loans (sec. 6103(l)(13)) [3]	10/1/03	---	---	----- <i>Estimate Presently Unavailable</i> -----										
15. IRS user fees for letter rulings, determination letters, advance pricing agreements, and similar requests (sec. 10511 of the Revenue Act of 1987, as last amended by sec. 2 of P.L. 104-117) [3]	10/1/03	---	---	---	30	31	33	34	35	37	38	40	94	277
16. Indian employment tax credit (sec. 45A).....	1/1/04	---	---	---	-1	-3	-4	-4	-5	-5	-5	-5	-9	-33

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11				
17. Accelerated depreciation for business property on an Indian reservation (sec. 168(j))	1/1/04	---	2	11	-108	-338	-450	-473	-455	-401	-358	-372	-883	-2,941				
18. Enhanced deduction for corporate contributions of computer equipment to public libraries and elementary and secondary schools (sec. 170(e)(6))	cma 12/31/03	---	---	---	-66	-132	-141	-148	-155	-162	-170	-178	-339	-1,152				
19. Expensing of "Brownfields" environmental remediation costs (sec. 198)	1/1/04	---	---	10	-146	-258	-291	-317	-325	-324	-317	-309	-685	-2,277				
20. Tax incentives for investment in the District of Columbia	1/1/04	---	---	---	-55	-101	-113	-128	-152	-198	-287	-336	-268	-1,370				
21. Joint Committee on Taxation annual report and annual joint hearing on IRS strategic plans (secs. 8021(f)(2) and 8022(3)(C))	1/1/04	---	---	----- No Revenue Effect -----														
22. Tax credit for research and experimentation expenses (sec. 41)	epoia 6/30/04	---	---	---	-601	-3,887	-5,060	-6,116	-7,017	-7,705	-8,217	-8,701	-9,548	-47,304				
23. Tax credit for qualified electric vehicles (sec. 30).....	ppisa 12/31/01 [5]	---	-1	-8	-17	-28	-36	-43	-50	-56	-63	-70	-90	-372				
24. Increased AMT exemption amount (sec. 55(d)(1))	1/1/05	---	---	---	---	-3,731	-11,211	-15,596	-19,929	-23,969	-26,714	-23,281	-14,942	-124,431				
25. Deduction for clean-fuel vehicles and refueling property (sec. 179A)	ppisa 12/31/01 [6]	---	-9	-19	-28	-41	-38	-30	-25	-23	-22	-23	-135	-258				
26. Special rule for certain clean-fuel passenger automobiles (sec. 280F(a)(1)(C))	1/1/05	---	---	---	---	-2	-7	-9	-12	-14	-15	-17	-9	-76				
27. Leaking underground storage tank trust fund excise tax (sec. 4081(d)(3))	4/1/05	---	---	---	----- No Revenue Effect -----													
28. Aquatic Resources Trust Fund and Land and Water Conservation Fund excise tax on motorboat gasoline and special fuels (secs. 4041(a) and 4081(a)(1)) -- all but 4.3 cents per gallon [7]	10/1/05	---	---	---	---	----- No Revenue Effect -----												
29. Highway trust fund excise tax rates:																		
a. All but 4.3 cents per gallon of the taxes on highway gasoline, diesel fuel, kerosene, and special motor fuels (secs. 4041(a) and 4081(d)(1)) [7]	10/1/05	---	---	---	---	----- No Revenue Effect -----												
b. Tax on retail sale of heavy highway vehicles (sec. 4051(c))	10/1/05	---	---	---	---	----- No Revenue Effect -----												
c. Tax on heavy truck tires (sec. 4071(d))	10/1/05	---	---	---	---	----- No Revenue Effect -----												
d. Annual use tax on heavy highway vehicles (sec. 4481)	10/1/05	---	---	---	---	----- No Revenue Effect -----												
30. Puerto Rico economic activity tax credit (sec. 30A) and possession tax credit (sec. 936)	1/1/06	---	---	---	---	-610	-1,457	-1,687	-1,811	-1,947	-2,093	-2,093	-610	-9,605				
31. Deduction for qualified tuition and related expenses (sec. 222)	1/1/06	---	---	---	---	---	-2,211	-2,970	-3,110	-3,178	-3,210	-3,242	-2,211	-17,921				
32. Allow employers to transfer excess defined benefit plan assets to a special account for health benefits of retirees (sec. 420)	tmi tyba 12/31/05	---	---	---	---	---	19	40	43	44	45	47	19	237				
33. Authority for undercover operations (sec. 7608(c))	1/1/06	---	---	---	---	---	[8]	[8]	[8]	[8]	[8]	[8]	1	1				
34. Credit for elective deferrals and IRA contributions (sec. 25B)	1/1/07	---	---	---	---	---	---	-684	-1,379	-1,232	-1,112	-1,040	---	-5,447				
35. Airport and airway trust fund excise taxes:																		
a. All but 4.3 cents per gallon of taxes on non-commercial aviation jet fuel and noncommercial aviation gasoline (secs. 4041(c), 4081(d), and 4091) [7]	10/1/07	---	---	---	---	---	---	----- No Revenue Effect -----										

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
b. Domestic and international air passenger ticket taxes (sec. 4261)	10/1/07	---	---	---	---	---	---	---	----- No Revenue Effect -----					
c. Air cargo tax (sec. 4271)	10/1/07	---	---	---	---	---	---	---	----- No Revenue Effect -----					
36. Reduced excise tax rates for alcohol fuels and alcohol fuels mixtures (secs. 4041(b)(2) and (k), 4081(c), and 4091(c))	10/1/07 [9]	---	---	---	---	---	---	---	----- No Revenue Effect -----					
37. Alcohol fuels income tax credits (sec. 40)	1/1/08 [10]	---	---	---	---	---	---	---	----- Negligible Revenue Effect -----					
38. New markets tax credit (sec. 45D) [11]	1/1/08	---	---	---	---	---	---	---	-101	-265	-435	-626	---	-1,426
39. FUTA surtax of 0.2 percent (sec. 3301) [3]	1/1/08	---	---	---	---	---	---	---	---	---	---	---	---	---
40. Empowerment Zones (including the nine new empowerment zones that are to be designated by 1/1/02)	tyba 12/31/09	---	---	---	---	---	---	---	---	---	-568	-1,151	---	-1,719
41. Renewal zone tax incentives	tyba 12/31/09	---	---	---	---	---	---	---	---	---	-580	-894	---	-1,474
42. H.R. 1836, the "Economic Growth and Tax Relief Reconciliation Act of 2001"	generally 1/1/11	---	---	-767	-1,006	-1,119	-1,362	-1,552	-1,441	-1,902	-3,246	-100,154	-4,254	-112,549
NET TOTAL		-9	-602	-3,152	-5,004	-13,700	-27,909	-37,109	-44,521	-51,118	-58,215	-155,411	-50,375	-396,748

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

- cma = contributions made after
- DOE = date of enactment
- epoia = expenses paid or incurred after
- ppisa = property placed in service after
- tmi = transfers made in
- wpoifibwa = wages paid or incurred for individuals beginning work after
- tyba = taxable years beginning after

- [1] The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010.
- [2] Loss of less than \$500,000.
- [3] Estimate provided by the Congressional Budget Office.
- [4] Since the Department of the Interior pays the Virgin Islands for its estimated coverover in advance of when such assessments are actually made, the cost of extending the \$13.25 per proof gallon rate through the final three quarters of fiscal year 2002 would show up in 2001.
- [5] The credit phases down for vehicles placed in service after 12/31/01. The credit is reduced by 25 percent in 2002, 50 percent in 2003, and 75 percent in 2004. No credit is available after 2004.
- [6] The deduction phases down for vehicles placed in service after 12/31/01. The deduction is reduced by 25 percent in 2002, 50 percent in 2003, and 75 percent in 2004. No deduction is allowed after 2004.
- [7] The 4.3-cent-per-gallon rate is permanent.
- [8] Gain of less than \$500,000.
- [9] The reduced rates expire earlier if the tax rate on gasoline and other motor fuels drops to 4.3 cents per gallon, which is currently scheduled to occur after September 30, 2005, unless the Highway Trust Fund tax rates are extended beyond that date.
- [10] The income tax credits expire earlier if the tax rate on gasoline and other motor fuels drops to 4.3 cents per gallon, which is currently scheduled to occur after September 30, 2005, unless the Highway Trust Fund tax rates are extended beyond that date.
- [11] Authorization of \$3.5 billion of qualifying equity investment for calendar years beginning after 2007.